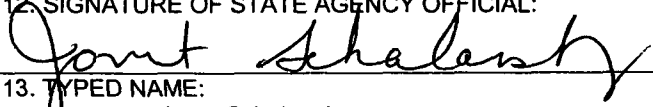
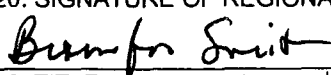


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL HEALTHCARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: SPA #02-26	2. STATE: Kansas
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE February 1, 2003	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)		
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.252	7. FEDERAL BUDGET IMPACT a. FFY 2003 \$ <u>190,000</u> (\$ 114) b. FFY 2004 \$ <u>400,000</u> (\$ 243)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A Pages 5 & 6	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-A Pages 5 & 6	
10. SUBJECT OF AMENDMENT: Methods & Standards for Establishing Payment Rates - Inpatient Hospital Care		
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Janet Schalansky is the Governor's <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Designee		
12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Janet Schalansky, Secretary Social & Rehabilitation Services Docking State Office Building 915 SW Harrison, Room 651S Topeka, KS 66612-2210	
13. TYPED NAME: Janet Schalansky		
14. TITLE: Secretary		
15. DATE SUBMITTED:		
FOR REGIONAL OFFICE USE ONLY		
17. DATE RECEIVED: December 20, 2002	18. DATE APPROVED: MAY 16 2003	
PLAN APPROVED - ONE COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL: FEB - 1 2003	20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Thomas W. Lenz CHALLENGE BROWN	22. TITLE: Deputy Director CMSO ARA for Medicaid & State Operations	
23. REMARKS: Pen and ink changes made in block # 7 SPA CONTROL Date Submitted: Date Received:		

KANSAS MEDICAID STATE PLAN

Attachment 4.19-A
Page 5

Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care

2.2200 Transfer Billing

A transferring hospital participating in the DRG Reimbursement System shall submit a bill at the time of transfer even though a transfer is not defined as a discharge. The method of computing reimbursement for a transferring hospital is different from that for a discharging hospital as discussed in subsections 2.5410 and 2.5440.

2.2300 Interim Billing

An interim bill is a claim which covers less than an entire inpatient stay. A general hospital may, at its option, submit interim billings for an inpatient stay longer than 180 consecutive days with the same DRG assignment. An inpatient stay qualifies for interim payment under the DRG Reimbursement System on the 180th day and at 180 day intervals thereafter in most cases. The following criteria apply:

- a. The first interim bill shall begin with the date of admission, and all subsequent interim billings shall start with the day following the last date of service included on the preceding interim billing. There should be no duplication of days between any two consecutive interim bills.
- b. Each interim bill shall include no less than 180 days of continuous inpatient stay with the exception of the following two situations where less than 180 days may have elapsed after the preceding interim bill:
 - The final interim bill at the time of discharge.
 - The combination interim/federal fiscal year end cut-off billing, because on Oct. 1 of each year a new 180 day interim billing cycle will begin.

2.3000 Hospital Grouping

The Kansas Department of Social and Rehabilitation Services shall assign each general hospital participating in the Kansas Medicaid/Medikan Program to one of three groups. The Department shall redetermine hospital group assignments annually. The Department shall notify in writing each general hospital of its group assignment. The cost reports with fiscal years ending on and before Decer 31 of the previous year shall be used to establish group placement. Effective December 29, 1995, hospitals shall be assigned to groups according to the following method.

MAY 16 2003

TN# 02-26 Approval Date _____ Effective Date 02/01/03 Supersedes TN# 00-23

KANSAS MEDICAID STATE PLAN

Attachment 4.19-A
Page 6

Methods and Standards for Establishing Payment Rates - Inpatient Hospital Care

2.3000 continued

- a. A general hospital assigned to group one shall be:
 - 1. Located within a metropolitan statistical area in the state of Kansas and have a minimum of 200 general hospital inpatient beds; or
 - 2. Located within the state of Kansas and within 10 miles of a general hospital meeting the criteria set forth in subsection a (1).
- b. A general hospital assigned to group two shall be:
 - 1. Located within a metropolitan statistical area in the state of Kansas and have less than 200 general hospital inpatient beds; or
 - 2. Located outside of a metropolitan statistical area in the state of Kansas, and have a minimum of 100 general hospital inpatient beds; or
 - 3. Located within the State of Kansas and within 10 miles of a general hospital meeting the criteria set forth in subsections b (1) or b (2); or
 - 4. Located outside of the state of Kansas.
- c. A general hospital shall be assigned to group three if it does not meet the criteria pursuant to subsections a or b above.
- d. A general hospital shall be assigned to group one if it meets the criteria for assignment to both group one and group two.

2.4000 The DRG Reimbursement System Components

The Kansas Department of Social and Rehabilitation Services has used the DRG classification published by Health Care Financing Administration (HCFA) for developing the necessary components of the DRG Reimbursement System. In addition, effective Oct. 1, 1992, the Department has established new DRG classifications for neonatal services as indicated below.

MAY 16 2003

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